

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	No. 05 CR 792
)	
v.)	Violations: Title 18, United States
)	Code, Sections 2, 666(a)(2), 1001,
FAUST VILLAZAN,)	1341, 1343, 1623
FAUSTECH INDUSTRIES, INC.,)	
SIEMENS MEDICAL SOLUTIONS USA)	Judge John W. Darrah
INC., f/k/a SIEMENS MEDICAL SYSTEMS,)	
DANIEL DESMOND, and)	SUPERSEDING INDICTMENT
ELLEN ROTH)	

COUNT ONE

The SPECIAL DECEMBER 2005 GRAND JURY charges:

1. At times material to this indictment:

Relevant Persons and Entities

- a. Siemens Medical Solutions USA, Inc., (“SMS”), formerly known as Siemens Medical Systems, was a Delaware corporation with a field office in Hoffman Estates, Illinois.
- b. Faustech Industries, Inc. (“Faustech”) was an Illinois corporation, then located in River Grove, Illinois, and was certified by Cook County as a Minority Business Enterprise (“MBE”) for certain activities.
- c. Faust Villazan was the Chief Executive Officer and sole owner of Faustech.
- d. Cook County was a unit of local government in Illinois in the process of building and equipping a new Cook County Hospital building in the year 2000. As part of that process, Cook County issued a number of bid packages for separate contracts, including Bid Package #3.
- e. DD Industries, LLC, a/k/a Siemens/Faustech, was a joint venture arrangement incorporated as a limited liability corporation, formed by SMS and Faustech for the sole purpose of

bidding on Bid Package #3, for provision and service of radiology equipment at the new Cook County Hospital.

f. Daniel Desmond was the District Business Administrator of the Chicago-area office of SMS in Hoffman Estates, who functioned as the President of DD Industries, LLC, the bidding entity named after him.

g. Ellen Roth was an in-house attorney for Siemens, USA. Roth was the principal corporate decision-maker responsible for creating the legal entity for DD Industries, Inc. and drafting certain portions of Bid Package #3, including the Affidavit of Joint Venture submitted by DD Industries with Bid Package #3.

MBE/WBE and Bid Requirements

2. In or about 1994, the Cook County Board approved construction of a new Cook County Hospital, later named Stroger Hospital.

3. On or about May 15, 2000, Cook County issued Bid Package No. 3, seeking bids for a complete turnkey package for Radiology Equipment and a Picture Archiving and Communication System (“PACS”) for the new Cook County Hospital. Three providers, including DD Industries, bid on the contract.

4. The bid package and the applicable law at the time the bid was solicited in 2000 required all bidders to satisfy a series of conditions. The instructions to bidders stated, “This contract is a competitively bid public contract of Cook County government subject to laws and ordinances governing public contracts. The bidder shall at all times observe and comply with all laws, ordinances, regulations and codes of the Federal, State, County and other local government

agencies which may in any manner effect the preparation of the Bid Proposal or the performance of the contract.”

5. Applicable law in effect in June 2000 included the County’s Minority Business Enterprise (“MBE”) and Women’s Business Enterprise (“WBE”) ordinances. These ordinances provided that no bidder would be awarded an eligible contract unless the County’s Office of Contract Compliance had approved its MBE and WBE plans or granted a waiver to the bidder. Conditions to the bid package incorporated the MBE and WBE requirements, namely that bidders set aside not less than 30% and 10%, respectively, of the total contract price for the participation of MBEs and WBEs.

6. Bidders could satisfy the County’s MBE/WBE participation by forming a joint venture entity. In the event MBE/WBE participation was to be in the form of a joint venture, the bid package provided that the participation of the MBE/WBE could be counted only if: (a) the MBE/WBE joint venturer(s) shared in the ownership, investment, control, management responsibilities, risks, and profit of the joint venture in proportion with the MBE/WBE ownership percentage; (b) the MBE/WBE joint venture partner was responsible for a clearly defined portion of work, commensurate with its percentage joint venture ownership, to be performed with its own workforce and/or equipment; and, (c) the work assigned to the MBE/WBE joint venturer must have been clearly designated in a Joint Venture Agreement and must be work that the MBE/WBE joint venturer had the skill and expertise to perform.

7. Where MBE/WBE participation was to be achieved through a joint venture, the contractor was required to submit a notarized Schedule B Affidavit of Joint Venture (“Affidavit”). The Affidavit was to be accompanied by a copy of the joint venture agreement, to demonstrate to

the County the MBE's or WBE's share in the "ownership, control, management responsibilities, risks and profits" of the joint venture. The Affidavit sought information regarding the venturers' relationship, including: the MBE/WBE percentages of profit and loss sharing, the means and manner of any compensation to any managing partner, and any "material facts of additional information pertinent to the control and structure" of the joint venture. The Affidavit also required the joint venture partners to identify "other applicable ownership interests, including ownership options or other agreements which restrict or limit ownership and/or control," and directed the partners to provide copies of "all" written agreements between venturers concerning the project.

8. Bidders were further required to affirm by notarized signature that the statements in the Affidavit were correct and included "all material information necessary to identify and explain the terms and operations of [the] Joint Venture and the intended participation of each venturer in the undertaking." The persons signing the Affidavit further "covenant[ed] and agree[d] to provide to the County current, complete and accurate information regarding the actual Joint Venture work and the payment therefore." Signatories were also warned that any material misrepresentation would be grounds for contract termination and action under federal or state laws concerning false statements.

DD Industries' Bid

9. In or about the Spring of 2000, an SMS salesperson and defendant FAUST VILLAZAN agreed to work together to bid on Bid Package #3, to provide and service radiology equipment for the new Cook County Hospital, which contract was valued at approximately \$49 million.

10. Prior to bidding on the contract, defendants DANIEL DESMOND and FAUST VILLAZAN and other SMS personnel met with County officials, including Cook County Employee A, to discuss the bid. Among other things, DESMOND, VILLAZAN, SMS personnel and Cook County Employee A discussed how SMS could form a joint venture with FAUSTECH and structure the bidding entity to comply with the County's MBE/WBE requirements.

11. On or about June 1, 2000, defendant ELLEN ROTH drafted the legal documents to create the entity known as DD Industries, LLC, a joint venture between SMS and FAUSTECH, named after its nominal head, defendant DANIEL DESMOND.

12. On or about June 5, 2000, the County held a pre-bid meeting for Bid Package #3. Several persons attended on behalf of SMS, FAUSTECH and DD Industries, including DESMOND and VILLAZAN. At the meeting, Cook County Employee A discussed the MBE/WBE regulations and bid requirements, including that any bid that did not meet the 30% and 10% requirements or without County certification would risk disqualification. Because of the procedural and compliance details associated with the MBE and joint venture requirements by Cook County, SMS relied on ROTH to ensure legal compliance with the applicable ordinances.

13. On or about June 20, 2000, DD Industries, LLC, the joint venture between SMS and FAUSTECH, submitted a bid to provide and service radiology equipment for the new Cook County Hospital. The Affidavit of Joint Venture that DD Industries submitted with its bid stated, among other things:

a. profit and loss sharing between SMS and FAUSTECH would be in accordance with each party's ownership percentage, or 70% for SMS and 30% for FAUSTECH;

b. there were no other applicable ownership interests, including ownership options or other agreements which restrict or limit ownership and/or control;

c. services agreements between DD Industries and its members established payment for equipment and services rendered; and,

d. other than the joint venture agreement, there were no other agreements provided.

14. The bids in this matter were opened on or about June 22, 2000, at a bid opening with one County Commissioner present. After the bids were opened, they were referred to the County's Contract Compliance Department for review, to ensure the bids complied with the bid requirements, including the MBE/WBE ordinance. After the DD Industries and GE Medical Systems bids were reviewed, they were reported to the Board by the County's purchasing agent on July 11, 2000, in a report stating that the joint venture bid from DD Industries was the lowest qualified bidder meeting specifications. The contract provided for by Bid Package #3 (the "Radiology Contract") was formally awarded to DD Industries by the County Board on or about August 9, 2000.

15. On or about October 24, 2000, GE Medical Systems filed a complaint against Cook County in federal court in Chicago in *GE Co. v. County of Cook*, Case No. 00 C 6587. The lawsuit sought to enjoin the County's contract with DD Industries on the basis that the bid was contrary to state law, the County's own ordinances, and the terms and conditions of the bid request. On or about January 5, 2001, DD Industries intervened as a party to the lawsuit. All parties conducted discovery and an evidentiary hearing was held in late January 2001.

16. Beginning in or about May 2000, and continuing to at least in or about October 2001, in the Northern District of Illinois and elsewhere,

FAUST VILLAZAN,
FAUSTECH INDUSTRIES,
SIEMENS MEDICAL SYSTEMS USA, INC.,
DANIEL DESMOND, and
ELLEN ROTH,

defendants herein, together with others known and unknown to the grand jury, knowingly devised, attempted to devise and participated in a scheme to defraud and to obtain money and property, including a contract worth approximately \$49 million, as well as funds actually paid pursuant to the contract, from Cook County by means of materially false and fraudulent pretenses, representations and omissions of material facts, which scheme is further described below.

SMS' Flat Fee Compensation Agreement with VILLAZAN

17. It was a part of the scheme that defendants devised a way to falsely and fraudulently comply with Cook County's bid requirements, by creating a sham joint venture in which they represented to Cook County that VILLAZAN, though FAUSTECH, was a true joint venture, minority business enterprise partner with SMS, and that such venture shared in risks and rewards commensurate with FAUSTECH's stated 30% ownership in the joint venture. In fact, the defendants well knew that SMS and FAUSTECH's relationship was a facade that did not comply with Cook County's bid requirements, because FAUSTECH and VILLAZAN's risk in the venture was zero and VILLAZAN's compensation was a flat fee of \$500,000.

18. It was further part of the scheme that on or about May 25, 2000, VILLAZAN and SMS Manager A (who worked in Hoffman Estates, Illinois) negotiated a flat fee compensation agreement, whereby SMS would pay VILLAZAN \$450,000 on a payment schedule, and a bonus of \$50,000, if certain conditions were met. This flat fee compensation agreement was in lieu of any

agreement to share profits and losses with FAUSTECH, as required by the bid documents and the County's MBE/WBE ordinances.

19. It was further part of the scheme that on or about May 25, 2000, the secretary of SMS Manager A sent an e-mail to ELLEN ROTH and upper-level management at SMS which stated, "Attached is the agreement that was decided on today by [SMS and VILLAZAN]." The terms attached were the following:

- a \$50,000 payment if the purchase order was issued to SMS by August 2000;
- a \$100,000 payment at issuance of the purchase order;
- a \$200,000 payment when SMS received a payment of the delivery portion from the County;
- a \$150,000 payment when the County made its final payment; and
- a guarantee of \$450,000 total from the deal.

Pursuant to the agreement, there was no relationship between profits and losses from the radiology contract and the payment to be made by SMS to VILLAZAN. ROTH received a copy of the agreement via e-mail on or about May 25, 2000, and SMS Manager A discussed the agreement with DESMOND on or about the same date.

20. It was further part of the scheme that an official of SMS also told VILLAZAN that while SMS expected VILLAZAN to perform some work on the contract, FAUSTECH and VILLAZAN would do only the work that SMS told it to do. SMS and VILLAZAN intended that FAUSTECH's role was solely to create the appearance that SMS had a true joint venture, minority business enterprise partner for obtaining the Cook County Hospital radiology contract and to liaison with Cook County, and not to perform a commercially useful function on the contract.

21. It was further part of the scheme that on or about May 26, 2000, top-level SMS management personnel approved SMS' flat fee compensation agreement with FAUSTECH and

VILLAZAN, knowing it was a commission payment for VILLAZAN's anticipated work in obtaining the contract and to liaison with Cook County personnel, if necessary.

22. It was further part of the scheme that from on or about May 25, 2000, to on or about June 20, 2000, ROTH worked with DESMOND and VILLAZAN, among others, to form a sham joint venture limited liability corporation between SMS and FAUSTECH that would bid on the radiology contract. ROTH drafted and/or reviewed the relevant paperwork and portions of the bid documents, including the Affidavit of Joint Venture, which were reviewed by DESMOND and others before DESMOND, VILLAZAN and other SMS executives signed and submitted them to Cook County. ROTH determined which aspects of the SMS/FAUSTECH relationship would be disclosed to or hidden from Cook County.

23. It was further part of the scheme that in preparing the documents related to the sham joint venture, ROTH communicated regularly with VILLAZAN's attorney, with whom she reached an agreement that, among other things, FAUSTECH would not bear any losses incurred by the joint venture.

24. It was further part of the scheme that SMS, DESMOND, ROTH and VILLAZAN submitted a false and fraudulent signed affidavit to Cook County, swearing that FAUSTECH was a 30% partner in the joint venture, would share in 30% of the profits and be liable for 30% of the losses of the joint venture; that there were no other applicable ownership interests, including ownership options or other agreements which restricted or limited ownership and/or control; and, that services agreements between DD Industries and its members established payment for equipment and services rendered.

25. It was further part of the scheme that when DD Industries submitted its bid to provide radiology equipment to the new Cook County Hospital, the bid package included a notarized Affidavit of Joint Venture, signed by principals from both companies, including VILLAZAN and SMS Officer A. In addition to the Affidavit, the signature page of the bid itself certified that the documents attached to the bid represented a “full set of Contract Documents” and addenda, and also that “the undersigned certifies that all of the foregoing statements of the Vendor Certifications [including the affidavit] are true and correct.” The Affidavit was signed by DESMOND on behalf of DD Industries, VILLAZAN on behalf of FAUSTECH, and by two other SMS management personnel, including SMS Officer A, on behalf of SMS.

26. The Affidavit also required the joint venture to include with the bid “all written agreements between venturers concerning this project.” [Emphasis in original.] SMS, DESMOND, ROTH and VILLAZAN did not provide any agreements with the bid, including documents relating to the agreement to pay VILLAZAN a flat fee compensation of \$500,000. As the defendants well knew, SMS’ only agreement to compensate VILLAZAN was the \$500,000 flat fee compensation agreement memorialized in writing on or about May 25, 2000, which was omitted from the bid submission and concealed from Cook County.

27. It was further part of the scheme that on June 20, 2000, ROTH sent a revised joint venture agreement to VILLAZAN’s attorney, DESMOND, and other persons at SMS. In her transmission e-mail, ROTH informed the recipients that she was withholding or concealing from the County the “services agreements” with FAUSTECH and SMS, including the information on payment schedules and milestones, even though Cook County required the joint venture to include

with the bid all written agreements between them. ROTH further directed that these payment schedules and milestones “are, and should be treated as, confidential to the parties.”

28. It was further part of the scheme that SMS and FAUSTECH never entered into any services or payment agreements with each other relating to Bid Package #3, other than the flat fee compensation agreement between SMS and FAUSTECH memorialized in writing on or about May 25, 2000, which was hidden from Cook County.

29. It was further part of the scheme that in or about August 2000, ROTH told an upper-level SMS manager that the only compensation arrangement between SMS and FAUSTECH was the \$500,000 compensation agreement, and that there were no other agreements between the parties concerning payment to FAUSTECH. ROTH further assured the SMS manager that Siemens would never have to pay VILLAZAN more than \$500,000.

30. In or about August 2000, VILLAZAN requested that SMS immediately pay him \$300,000 of his \$500,000 compensation, instead of the payment terms reached on or about May 25, 2000. It was further part of the scheme that based on ROTH’s representations to SMS management that the agreement to pay FAUSTECH a flat fee of \$500,000 was the only compensation agreement between SMS and FAUSTECH, SMS paid VILLAZAN \$300,000 on or about August 23, 2000, as a partial payment for obtaining the contract for radiology equipment and services for the new Cook County Hospital.

Additional Acts of Concealment in Furtherance of the Scheme.

31. It was further part of the scheme that in or about October 2000 through in or about at least October, 2001, in the course of litigating *GE Co. v. County of Cook*, Case No. 00 6587, for the purpose of protecting and preserving the fraudulently obtained contract, SMS and FAUSTECH,

through DESMOND, VILLAZAN, ROTH and others, hid the flat fee compensation agreement from Cook County and the court, claiming instead that FAUSTECH would share in the profits and losses of the joint venture in accordance with its 30% joint venture ownership, and that the \$500,000 flat fee compensation agreement was merely an “advance of profits.”

32. It was further part of the scheme, during the litigation, that when GE Medical Systems sought documents relating to and including what it called the \$500,000 “side agreement” between SMS and FAUSTECH, SMS did not produce evidence of the flat fee compensation agreement entered into on or about May 25, 2000, and SMS represented through witnesses and in arguments that no flat fee compensation agreement existed.

33. It was further part of the scheme that DESMOND falsely and fraudulently testified at trial that the Affidavit of Joint Venture was true and accurate, even though SMS had failed to disclose in the Affidavit the \$500,000 flat fee compensation agreement between SMS and VILLAZAN.

34. It was further part of the scheme that DESMOND falsely and fraudulently testified at trial that the \$300,000 payment to FAUSTECH in late August 2000 was an advance of profits FAUSTECH anticipated to receive from the radiology contract, despite DESMOND’s and SMS’s knowledge that the only payment arrangement between SMS and FAUSTECH was the \$500,000 flat fee compensation agreement.

35. It was further part of the scheme that an in-house attorney for SMS attended court proceedings, and reported regularly to ROTH and to SMS management, including SMS Officers A and B, the positions SMS took in the litigation, including the company’s false and fraudulent position in court papers and proceedings that SMS did not have a flat fee compensation agreement

with FAUSTECH and VILLAZAN. To protect and preserve the fraudulently obtained contract, SMS and ROTH took no steps to correct the ongoing misrepresentations and false and fraudulent testimony presented to the court.

36. Following the trial, the Cook County Office of Capital Planning and Policy sending a notice of default to DD Industries. It was further part of the scheme that on or about October 5, 2001, DESMOND, on behalf of SMS, responded to the County's Office of Capital Planning and Policy, objecting to termination of the Radiology Contract. DESMOND's letter falsely and fraudulently stated, in part, that, "there are no facts with respect to the relationship between Siemens and Faustech, including the alleged 'side agreement,' that were not thoroughly aired during the federal court proceedings." The letter also falsely and fraudulently stated that the only agreement between Faustech and SMS was the joint venture agreement.

37. It was further part of the scheme that defendants SMS, FAUSTECH, VILLAZAN, DESMOND, and ROTH misrepresented, concealed and hid, and caused to be misrepresented, concealed and hidden, the purposes of and acts done in furtherance of the scheme.

38. On or about October 3, 2001, at Hoffman Estates, in the Northern District of Illinois, Eastern Division, and elsewhere,

FAUST VILLAZAN,
FAUSTECH INDUSTRIES,
SIEMENS MEDICAL SYSTEMS USA, INC.,
DANIEL DESMOND, and
ELLEN ROTH,

defendants herein, for the purpose of executing the aforesaid scheme to defraud, and attempting to do so, knowingly caused an e-mail to be transmitted by means of interstate wire from the Northern

District of Illinois to SMS' attorney in New Jersey, which wire transmission consisted of a draft letter from DANIEL DESMOND to Cook County;

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT TWO

The SPECIAL DECEMBER 2005 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates paragraphs one through thirty-seven of Count One of this Superseding Indictment as though fully set forth herein.

2. On or about February 22, 2001, at Hoffman Estates, in the Northern District of Illinois, Eastern Division, and elsewhere,

FAUST VILLAZAN,
FAUSTECH INDUSTRIES,
SIEMENS MEDICAL SYSTEMS USA, INC.,
DANIEL DESMOND, and
ELLEN ROTH,

defendants herein, for the purpose of executing the aforesaid scheme to defraud, and attempting to do so, knowingly deposited and caused to be deposited to be sent and delivered by a private and commercial interstate carrier, namely Federal Express, according to the directions thereon, a Federal Express package addressed to Mellon PSFS, 701 Market Street, Philadelphia, Pennsylvania, 19106, and containing a check in the amount of \$153,635.39, as partial payment for DD Industries' work on the Radiology Contract;

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT THREE

The SPECIAL DECEMBER 2005 GRAND JURY further charges:

1. Paragraphs 1(b), (c), and (d) of Count One are realleged and incorporated herein by reference.

2. On or about September 23, 2000, in the Northern District of Illinois, Eastern Division, and elsewhere,

FAUST VILLAZAN and
FAUSTECH INDUSTRIES, INC.,

defendants herein, did corruptly give, offer and agree to give things of value, namely approximately \$20,000, with the intent to influence and reward an agent of Cook County, namely Cook County Employee A, who was an employee of the Office of Contract Compliance, in connection with business, transactions, and series of transactions of Cook County involving a thing of value of \$5,000 or more, namely Bid Package #3 for the new Cook County Hospital, with Cook County being an agency that received in excess of \$10,000 in federal funding in a twelve-month period from August 1, 2000, to July 31, 2001;

In violation of Title 18, United States Code, Section 666(a)(2).

COUNT FOUR

The SPECIAL DECEMBER 2005 GRAND JURY further charges:

1. On or about October 24, 2000, GE Medical Systems filed a complaint against Cook County in federal court in Chicago in *GE Co. v. County of Cook*, Case No. 00 C 6587. The lawsuit sought to enjoin Cook County's contract with DD Industries on the basis that the bid was contrary to state law, Cook County's own ordinances, and the terms and conditions of the bid request. On or about January 5, 2001, DD Industries intervened as a party to the lawsuit. All parties conducted discovery and an evidentiary hearing was held in late January 2001.

2. On or about January 23, 2001, in the trial of *GE Co. v. County of Cook*, 00 C 6587, defendant DANIEL DESMOND, having duly taken an oath that he would testify truthfully, testified on his oath in response to questions posed to him. It was material to that proceeding whether the true relationship between SMS and FAUSTECH was that of a joint venture in which FAUSTECH shared in 30% of the profits and losses relating to the contract for radiology equipment or was a flat fee compensation arrangement to pay FAUSTECH \$500,000, and whether SMS and FAUSTECH disclosed their true arrangement to Cook County in its Affidavit of Joint Venture submitted with the bid.

2. On or about January 23, 2001, at Chicago, in the Northern District of Illinois, Eastern Division,

DANIEL DESMOND,

defendant herein, having taken an oath to testify truthfully in a proceeding before a court of the United States, namely the trial of *GE co. v. County of Cook*, 00 C 6587, knowingly made false material declarations, set forth in italics, to wit:

Q: Do you have an understanding as to what the agreement is between Siemens and Faustech regarding the fee to be paid to Faustech – excuse me, by Siemens to Faustech in connection with Faustech’s services in connection with the joint venture agreement?

A: Yes.

Q: Okay. And is that that Siemens would pay \$450,000 with an additional bonus of \$50,000 if the purchase order from the County is issued by August 31?

A: *The agreement is that there will be risks and profits associated with it, and Faustech must be compensated for those, per the joint venture agreement, per the bid agreement, per the bid from the County, and \$500,000 is the best estimate of what that profit would be.*

* * *

Q: What had you agreed to pay Faustech?

A: . . . in my mind we weren’t going to pay Faustech until we received revenue, because *we’re sharing in the risks and the profit, and when we received profit, we would share that with the joint venture.*

* * *

Q: If Faustech had a flat fee deal with Siemens that it would get regardless of whether or not there were profits or losses, that would not be a joint venture, as you understand it?

* * *

A: The profit associated with the joint venture will increase or decrease as the project continues. So the profit, not necessarily the fee but what I would recognize as the profit, would also be a flexible number.

Q: But the fee wouldn't necessarily be flexible?

A: *The fee is the recognized profit. . . . It's an estimate of the profit.*

* * *

Q: Now I want you to take a look at [the Affidavit of Joint Venture] if you need to in order to answer this question. Is there anything in there that you're aware of that is not true and accurate and that was not true and that was not accurate as of the time the bid was submitted on June 22 of 2000?

A: *It is accurate.*

when in truth and fact, as defendant DANIEL DESMOND then and there well knew that the only compensation agreement between SMS and FAUSTECH was an agreement to pay FAUSTECH a flat fee of \$500,000, unrelated to profits or losses, and such agreement was not included in the Affidavit of Joint Venture submitted with the bid;

In violation of Title 18, United States Code, Section 1623(a).

COUNT FIVE

The SPECIAL DECEMBER 2005 GRAND JURY further charges:

1. In or about September 2004, the Chicago Office of the Federal Bureau of Investigation was conducting a criminal investigation of certain conduct that occurred in the Northern District of Illinois, Eastern Division, and elsewhere, including the bid by DD Industries, LLC, for radiology equipment at the new Cook County Hospital and the truthfulness of testimony during the evidentiary hearing in *GE Co. v. County of Cook*, Case No. 00 C 6587.

2. On or about September 14, 2004, in Ridgewood, New Jersey, in connection with an investigation conducted by the Federal Bureau of Investigation in the Northern District of Illinois, Eastern Division, of conduct occurring in the Northern District of Illinois, and elsewhere,

ELLEN ROTH,

defendant herein, knowingly and willfully did make materially false, fictitious and fraudulent statements and representations in a matter within the jurisdiction of the Federal Bureau of Investigation, an agency of the executive branch of the government of the United States, in that defendant ELLEN ROTH falsely stated to the FBI, that:

- (1) she had no idea what was meant by an e-mail confirming the \$500,000 flat fee compensation agreement between SMS and VILLAZAN;
- (2) she would have been shocked if SMS had participated in any agreements other than what had been disclosed to the County; and,
- (3) SMS' payments to VILLAZAN were an advance of profits,

when in truth and fact, as defendant ELLEN ROTH then and there well knew, there existed an agreement between SMS and FAUSTECH to pay VILLAZAN a flat fee of \$500,000, unrelated to

profits, as FAUSTECH's total compensation relating to DD Industries' radiology bid for the new Cook County Hospital, which agreement was concealed from Cook County by ROTH and others;

In violation of Title 18, United States Code, Section 1001.

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY